

MOTION BY SUPERVISOR SHEILA KUEHL

November 15, 2016

Proposition A (Prop A), adopted by Los Angeles County voters on November 7, 1978, allows the County of Los Angeles to contract with private vendors to perform services that are or that can be provided by County employees, if those services can be provided more economically by private contractors. In June of 1999, the Board of Supervisors (Board) created the Los Angeles County Living Wage Program, affecting Prop A and cafeteria services contracts, which, among other things, required affected contractors to pay a “living wage.” Prop A contracts are now used by various County departments to procure vehicle maintenance and repair services, among other things.

The Consolidated Fire Protection District (Fire District), the Department of Public Works (DPW) and the Sheriff’s Department manage the maintenance and repair of their own light-duty emergency and non-emergency vehicles. The Fire District spends \$2.8 million per year to maintain its fleet of 1,800 emergency and non-emergency vehicles and will transition in the coming year to a single Prop A contract for their 1,000 non-emergency vehicles, plus twenty-four contracts, seven of which will be with certified Local Small Businesses Enterprises, for their remaining vehicles. The Sheriff’s

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Department spends \$21 million per year, through Penske Truck Leasing Company, to maintain its 6,200 emergency and non-emergency vehicles. The Department of Public Works manages its 1,138 light-duty vehicles using County staff, supplemented by “as-needed” contracts with private vendors for specialty work.

The Internal Services Department (ISD) spends \$6.9 million per year to maintain 4,337 light and heavy-duty, on and off-road, emergency and non-emergency vehicles for all other County departments using a Prop A contract with Centerra Integrated Fleet Services. In ISD’s most recent competitive fleet maintenance procurement in 2009, the required Prop A cost analysis, reviewed by the Auditor-Controller, estimated that the County would achieve five percent savings (\$323,000) by contracting versus using County employees to provide vehicle maintenance and repair. At the time, the contractor’s staffing model assumed using only 29 employees to provide the same amount of service that the County would need 44 employees to perform. Over the ensuing six years, however, the contractor’s staffing has increased to a total of 48 employees, without increasing the amount charged to the County, because of the fee-for-service contract structure.

The Board of Supervisors should regularly evaluate whether the County’s overall interests are best served by entering into new Prop A contracts for services that can capably be performed by County employees, particularly for vehicle maintenance and repair. In lieu of supporting the profit margins of a large Florida-based government-solutions firm and five percent annual cost savings through ISD’s contract with Centerra, for example, the County could have provided 44 family-wage jobs to County residents, with job security, full benefits and County vacation and pension packages,

which are more robust than those offered by Centerra.

ISD, the Fire District and the Sheriff's Department are preparing or conducting new competitive solicitation processes for vehicle maintenance and repair, with an expectation to enter into new contracts sometime during calendar-year 2017 or 2018. If and to the extent that new Prop A contracts with large private firms at ISD, the Fire District or the Sheriff offer only marginal cost savings, the County should consider the potential, over time, to transition from contracted to in-house vehicle maintenance and repair. The County should begin this cost comparison and staffing analysis with the Internal Services Department.

**I, THEREFORE, MOVE** that the Board of Supervisors instruct the Director of ISD, in collaboration with the Chief Executive Officer (CEO) and other relevant Department Directors, to prepare a detailed assessment of the cost impact, feasibility and planning efforts required to replace all or a portion of ISD's contract for light and heavy-duty, on and off-road vehicle maintenance and repair services with County employees, and to submit the assessment report to the Board within 90 days. The report should include and/or provide:

- a. **Operating Cost Comparison and Analysis**, including ISD and CEO Classification/Compensation review of positions, classifications, salary and employee benefits expense and any differences in Contracted versus County staffing models.
- b. **Recruitment**. ISD and the Department of Human Resources (DHR) should provide an estimate of the timeline required for the recruitment, civil service examination and selection processes for the classifications identified in the

report.

- c. **Labor Flexibility Analysis.** Working with ISD and DHR, the Chief Executive Officer should compare Centerra's staffing model against the County's staffing model and prepare to consult with County Labor organizations for feedback on adjusting the County's staffing model to reduce the Contracted versus County cost differential.
- d. **Analysis of Other Costs,** including facilities / garage rehabilitation, start-up expense, training costs and procurement of automotive parts and equipment.
- e. **Analysis of Quality Assurance,** which should evaluate any differences in service delivery, including reliability of repairs made and time required to service and repair vehicles, between Contracted and County staffing models.
- f. **Transition Analysis.** To the extent that transitioning to a County-operated model is cost-effective and feasible, the report should include a plan to transition all or a portion of ISD's exiting vehicle maintenance and repair contract to County employees, over 18 to 24 months.